NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS Congressional Information Service, Inc.
Washington, D.C.

Calendar No. 565

101ST CONGRESS *2d Session*	SENATE	REPORT 101-302

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION AUTHORIZATION

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

OF THE

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ON

S. 1839

MAY 22 (legislative day, APRIL 18), 1990.—Ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE
39-010 WASHINGTON : 1990

S263-7

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ERNEST F. HOLLINGS, South Carolina, *Chairman*

DANIEL K. INOUYE, Hawaii
WENDELL H. FORD, Kentucky
J. JAMES EXON, Nebraska
ALBERT GORE, JR., Tennessee
JOHN D. ROCKEFELLER IV, West Virginia
LLOYD BENTSEN, Texas
JOHN F. KERRY, Massachusetts
JOHN B. BREAUX, Louisiana
RICHARD H. BRYAN, Nevada
CHARLES S. ROBB, Virginia

JOHN C. DANFORTH, Missouri
BOB PACKWOOD, Oregon
LARRY PRESSLER, South Dakota
TED STEVENS, Alaska
ROBERT W. KASTEN, JR., Wisconsin
JOHN McCAIN, Arizona
CONRAD BURNS, Montana
SLADE GORTON, Washington
TRENT LOTT, Mississippi

KEVIN G. CURTIN, *Chief Counsel and Staff Director*
WALTER B. MCCORMICK, JR., *Minority Chief Counsel and Staff Director*

Calendar No. 565

101ST CONGRESS
2d Session

SENATE

REPORT
101-302

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION AUTHORIZATION

MAY 22 (legislative day, APRIL 18), 1990.—Ordered to be printed

Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 1839]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1839) to provide authorization of appropriations for activities of the National Telecommunications and Information Administration, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF BILL

The purposes of the bill, S. 1839, as reported, are two-fold. First, the bill authorizes $14,554,000 in appropriations for the National Telecommunications and Information Administration (NTIA) for fiscal year (FY) 1990 and $15,000,000 for FY 1991. Second, the bill requires the Secretary of Commerce (Secretary) to continue efforts to restore the Pan-Pacific Educational and Cultural Experiments by Satellite program (PEACESAT) and authorizes appropriations of $1,000,000 for FY 1990 and such sums as may be required for FY 1991 for those efforts.

BACKGROUND AND NEEDS

National Telecommunications and Information Administration

NTIA is the executive branch agency primarily responsible for the development and presentation of domestic communications and information policy. It also advises the President on international communications policy matters. Since 1978, when it was first established, NTIA has participated extensively in the formulation of

Federal communications policy in several forums. It has participated actively in various Federal Communications Commission (FCC) proceedings and has testified frequently before Congress on communications legislation. NTIA is also actively involved in coordinating U.S. international policies regarding Intelsat and Inmarsat and assists in developing and presenting U.S. positions before various international communications conferences.

NTIA's other functions include managing the Federal Government's use of the radiofrequency spectrum; performing research and studies on telecommunications issues; administering the Public Telecommunications Facilities Program (which grants funds to initiate and maintain public broadcast facilities); and administering the Federal funds appropriated for the PEACESAT program.

In 1988, Congress enacted legislation establishing a new Department of Commerce (DOC) Technology Administration headed by the Under Secretary for Technology. In early 1989, then-Secretary Verity, by administrative order, placed NTIA under this new Administration and directed that the Assistant Secretary for Communications and Information (the Administrator of NTIA) report to the Under Secretary for Technology. In September of 1989, the new Secretary, Robert Mosbacher, notified Congress of his plans to return NTIA to its former position, with the Assistant Secretary for Communications and Information reporting directly to the Secretary.

1. Funding history

From FY 1978 until 1982, Congress gradually increased NTIA's budget to over $16,000,000. Anticipating that NTIA's workload would be reduced with the advent of deregulation, Congress reduced NTIA's budget by about $4,000,000 for FY 1983 and 1984.

Beginning in 1985, however, Congress determined that NTIA's expertise was needed to study and develop policy in the domestic telecommunications arena and particularly in the international telecommunications field. The Congress strongly believed that U.S. communications and information policy should orient itself more toward the international marketplace and that the government should assist the private sector's efforts to market its goods and services abroad. As a consequence, Congress permitted NTIA's budget to grow slightly over the next few years.

Fiscal constraints have made it difficult for Congress to increase the funding for many government agencies over the past few years. The Committee thus believes that NTIA's funding level for FY 1990 and 1991 should remain at about the same level as in the past two years. The funds authorized by this bill should be sufficient to allow NTIA to continue its extensive participation in domestic and international activities, to administer the governmental uses of the spectrum, and to continue its other activities.

2. Domestic activities

Recently, NTIA has initiated studies of several key communications topics, including the future of the telecommunications infrastructure, the policies governing the use and administration of the spectrum, and the increasing concentration of media ownership. While the Committee may not necessarily agree with the conclu-

sions reached in these studies and reports, the Committee believes that they make a contribution to the debates on telecommunications issues and that it is important for NTIA to continue to explore these issues. These studies are discussed in more detail below.

Use of the Radiofrequency Spectrum.—The United States faces a critical shortage of available radiofrequency spectrum for new technologies and services, such as the proposed Personal Communications Network (PCN), the second generation of cordless telephone services (CT-2), and other land mobile communications services. There is increasing evidence that other countries are moving ahead of the United States in these new technologies because of our outmoded spectrum allocation policies and because of the inefficient use of the spectrum by entrenched interests. NTIA has announced its intention to undertake a comprehensive review of U.S. spectrum policies in order to promote U.S. industrial and consumer interests.

The Telecommunications Infrastructure.—NTIA has also announced a study of the telecommunications infrastructure in the United States. The emergence of fiber optic cables, the movement toward digital transmission, and the growth of competition in the long-distance marketplace all have raised concerns about the incentives of U.S. telephone companies to upgrade their networks to incorporate new technologies. The installation of broader telecommunications "highways" may bring greater services to the public, but also may impose unnecessary costs on the U.S. public if there is no demand for these new services. NTIA is currently exploring whether and how to increase the incentives of firms to upgrade the telecommunications infrastructure in the most cost-efficient manner.

International media concentration.—NTIA recently announced that it is initiating a major study of media concentration in the international arena. Such recent events as the Time-Warner merger, the acquisition of Columbia Pictures by Sony Corporation, and the initiation of direct broadcasting television service in Europe and the proposals to provide such service in the United States by firms that also control other media all raise substantial issues regarding the principles of antitrust laws, media diversity, and the ability of U.S. firms to compete on an international scale. The Committee looks forward to NTIA's analysis of the worldwide concentration of media sources and the ability of U.S. media firms to compete in these markets.

3. International activities

The Committee encourages NTIA to devote greater attention to international communications issues. The United States recently has encountered difficulties in a number of international arenas. NTIA should increase its efforts to promote U.S. interests internationally in the following areas:

Representation at international conferences.—NTIA represents the United States at numerous international communications conferences. The decisions made in these conferences have important effects on American business opportunities, as well as on U.S. foreign policy and national security goals. These conferences demand vigorous advocacy by NTIA on behalf of U.S. interests.

One of the most important upcoming international conferences will be a mobile radio conference to be held under the auspices of the International Telecommunications Union (ITU) in 1992 in Spain. Representatives of most of the countries in the world will gather at this conference to consider the policies governing the worldwide allocation of the spectrum for mobile radio services. A number of issues related to cellular, satellite, aeronautical, and other mobile radio technologies are likely to be addressed. NTIA needs to begin developing a U.S. policy approach for this conference soon in order to prepare for the substantial demands of the developing world for greater rights to the use of these frequencies.

Promotion of U.S. telecommunications trade.—The United States has developed a large deficit in telecommunications trade. This has caused trade concerns to appear in many new forums. NTIA should focus an increasing portion of its energies to improving this situation, especially by working to open foreign markets to U.S. firms.

Recent experience shows that the conferences of the ITU and other international organizations can no longer be treated separately from discussions on telecommunications trade. These conferences, for instance, can adopt technical standards that make U.S.-manufactured equipment incompatible with foreign networks and thus limit American export opportunities. NTIA should coordinate the U.S. approach to these international meetings, discussions, and negotiations so that the trade policies of the United States are best presented and advanced.

NTIA should continue to promote U.S. trade by engaging in direct negotiations with officials from foreign countries. The "China Protocol", a trade agreement negotiated by NTIA officials with the People's Republic of China a few years ago, is one example of how NTIA can help American businesses develop working relationships with foreign governments. NTIA should monitor closely and enforce these agreements to ensure that they result in actual benefits to the United States.

NTIA also has performed studies of telecommunications networks in less developed countries to identify potential markets for American firms. The Committee encourages NTIA to continue its work in this area.

PEACESAT Program

Beginning in 1971, PEACESAT provided low-cost communications service throughout the Pacific region for over 14 years. The program delivered educational, medical, cultural, and emergency services over an experimental satellite launched and operated by the National Aeronautics and Space Administration (NASA). PEACESAT provided many Pacific island communities with their only means of contact with their Pacific neighbors and the developed world.

The PEACESAT program became disabled in 1985 when the satellite used to carry the PEACESAT communications ran out of fuel and was deactivated. In recognition of the importance of this program to the residents of the Pacific Basin and to American influence in the region, Congress consistently has supported efforts to re-establish the PEACESAT program. In 1985, Congress directed NASA to undertake a study of the options for replacing the expired

satellite. Based upon NASA's study, the 100th Congress authorized, in the NTIA authorization Act (Public Law 100-584; 102 Stat. 2970), $3,400,000 in funding to NTIA to find a replacement satellite and re-establish the PEACESAT program. Congress appropriated $1.7 million to NTIA for FY 1988 and $200,000 in FY 1989 for this purpose.

Through NTIA's efforts, the PEACESAT program is expected to begin renewed operaiton in the fall of 1990. NTIA and the University of Hawaii are currently engaged in negotiations with NASA and with the National Oceanic and Atmospheric Administration (NOAA) to allow for the use of an old weather satellite in the Pacific for the remainder of the satellite's lifetime. NTIA officials expect that the satellite will be moved into location by the middle of 1990 and will last until the end of 1994. NTIA is also in the midst of negotiating the award of a contract for the design and construction of earth terminals that will operate with the new satellite. NTIA expects to begin installing these earth terminals in the Pacific region later in the summer of 1990.

Additional funding for FY 1990 and 1991 is necessary to complete the progress made by NTIA to date. The costs that remain are those associated with the operation of the satellite, the management of the PEACESAT program, and the cost of acquiring long-term replacement satellite capacity. To cover these costs, the NTIA bill as reported authorizes $1,000,000 in funding for FY 1990.

The costs of acquiring long-term replacement satellite capacity are less certain. NTIA estimates that the replacement for the NOAA satellite must be in place by 1994 to ensure continuity of service. Planning for that replacement must begin in FY 1991 because of the long lead time necessary to construct a new satellite or negotiate for the lease or purchase of capacity over an existing satellite. NTIA has not yet been able to estimate the expected costs of such replacement satellite capacity, although the amount required for FY 1991 is not expected to be greater than $1,000,000. The bill as reported authorizes such sums as may be necessary in beginning the process of acquiring the satellite capacity that will be needed after 1994.

The Committee continues to expect that NTIA and the managers of the PEACESAT program will develop sources of funding independent of the Federal Government to cover the ongoing costs of administering, managing, and operating the PEACESAT program. The bill as reported directs the Secretary to investigate potential long-term solutions to the problem of providing low-cost communications services to the people of the Pacific Basin. The Secretary shall report to Congress within one year of the enactment of the bill on the available long-term options.

PEACESAT represents an outstanding example of how a small, well-placed investment can meet several important needs. Once re-established, the PEACESAT program will provide valuable, low-cost communications service to people who have no other means of communication with their neighbors or with the developed world. PEACESAT has provided medical advice during an outbreak of cholera, educational assistance through remote classroom learning, and cultural exchange among peoples of different countries and islands. PEACESAT also promotes U.S. national security interests by

fostering enormous goodwill toward the United States. This is of tremendous benefit to the United States, particularly as the Japanese and the Soviet Union seek to extend their influence in this region. Finally, PEACESAT contributes to a greater understanding between the people of the Pacific Basin and the United States that can increase significantly our appreciation of the diversity of human experience.

LEGISLATIVE HISTORY

S. 1839 was introduced on November 3, 1989, by Senator Inouye and cosponsored by Senator Hollings. The Subcommittee on Communications held an NTIA authorization hearing on November 1, 1989. The sole witness at this hearing was the Assistant Secretary of Commerce for Communications and Information and Administrator of NTIA, Janice Obuchowski. The Committee ordered the bill reported by voice vote without objection at its executive session on April 3, 1990.

SUMMARY OF MAJOR PROVISIONS

Section 1 authorizes $14,554,000 in funding for NTIA for FY 1990 and $15,000,000 in funding for FY 1991.

Section 2 authorizes the Secretary to continue efforts to re-establish the PEACESAT communications program in the Pacific Basin. This section authorizes $1,000,000 in funding for FY 1990 and such sums as may be necessary in FY 1991 to the Secretary for the purposes of administering, managing, and securing the long-term satellite capacity needed to ensure continuation of the PEACESAT program.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 11, 1990.

Hon. ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 1839, a bill to provide authorization of appropriations for activities of the National Telecommunications and Information Administration, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CONGRESSIONAL BUDGET OFFICE

1. Bill number: S. 1839.

2. Bill title: A bill to provide authorization of appropriations for activities of the National Telecommunications and Information Administration, and for other purposes.

3. Bill status: As ordered reported by the Senate Committee on Commerce, Science, and Transportation on April 3, 1990.

4. Bill purpose: S. 1839 authorizes the appropriation of $14.6 million for fiscal year 1990 and $15.0 million for fiscal year 1991 for the various programs of the National Telecommunications and Information Administration (NTIA). In addition, such sums as may be necessary for adjustments in salary, retirement, and other employee benefits provided for by law would be authorized for 1990 and 1991. The bill also authorizes the appropriation of $1 million for fiscal year 1990 and such sums as may be necessary for fiscal year 1991 for the Pan-Pacific Educational and Cultural Experiments by Satellite Program (PEACESAT).

Appropriations to date for fiscal year 1990 are $14.0 million, and the President is requesting $15.3 million for the NTIA in 1991.

5. Estimated cost to the Federal Government:

	By fiscal year, in millions of dollars				
	1990	1991	1992	1993	1994
Authorization level					
NTIA	14.6	15.0			
PEACESAT	1.0				
Estimated outlays					
NTIA	13.0	15.0	1.0		
PEACESAT	0.5	0.5			

The costs of this bill fall primarily within budget function 370.

Basis of estimate. This estimate assumes that the full amounts authorized will be appropriated in both 1990 and 1991. The increase for salary, retirement and other employee benefits that may be provided for by law for fiscal year 1991 is estimated consistent with CBO baseline assumptions. The estimate of outlays reflects historical spending patterns for the ongoing activities of the NTIA.

Based on information provided by the NTIA, we estimate that about $500,000 would be needed for PEACESAT in 1991 to meet the objectives specified for the program in S. 1839. These funds would be used for the operation and management of the presently used GOES-3 satellite and the negotiation and acquisition of a new satellite system for the program.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: On October 27, 1989, CBO prepared a cost estimate for H.R. 3310, a bill to authorize appropriations for activities of the NTIA for fiscal years 1990 and 1991, as ordered reported by the House Committee on Energy and Commerce on October 24, 1989. The House bill included a lower authorization level

for the NTIA in 1991 and did not authorize funds for PEACESAT. The resulting costs reflect these differences.

9. Estimate prepared by: Douglas Criscitello.

10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported.

S. 1839, as reported, maintains the level of authorized funding for NTIA at about the same amount as in FY 1988 and 1989. The bill authorizes no new programs or activities. The bill thus has no additional impact upon the number and types of individuals and businesses affected by any regulations; no additional economic impact on individuals, consumers, or businesses; no impact on the personal privacy of individuals affected by the bill; and no impact on paperwork.

Concerning the PEACESAT program, the bill as reported authorizes less funding for FY 1990 than was authorized by the previous NTIA Authorization bill. While the authorization level for PEACESAT for FY 1991 is undetermined at this time, the committee does not expect that the funding for PEACESAT for 1991 will exceed $1 million. The bill directs the Secretary to begin the process of acquiring the satellite services necessary to ensure the long-term continuation of the PEACESAT program. This requirement may cause the Secretary to incur a slight amount of additional paperwork but should not alter the number of persons employed by DOC. Also, while the bill does require the recipient of funds from NTIA to keep records regarding the use of these funds and requires a single report from the Secretary on potential long-term solutions to the communications needs of the residents of the Pacific Basin, the additional paperwork created by these requirements is minimal. The PEACESAT program may enhance the economic productivity of some Pacific Basin communities because of increased communications. The Committee anticipates no other regulatory impact on the number and types of persons or businesses affected by any regulations, no additional economic impact and no impact on the personal privacy of any individual from this bill as reported.

SECTION-BY-SECTION ANALYSIS

Section 1 reauthorizes funding for NTIA in the amounts of $14,554,000 for FY 1990 and $15,000,000 for FY 1991, together with such funds as may be necessary to cover non-discretionary cost increases for each fiscal year.

Section 2 re-authorizes funding for the continuation of the PEACESAT program.

Subsection (a) sets forth the findings of the section. The section notes that the Pacific Basin communities are of strategic and economic importance to the United States and that their communications needs are great. Their available channels of communication have become limited, however, particularly because of the de-activation of NASA's ATS-1 satellite, which effectively terminated the

PEACESAT program in 1985. The findings conclude that, although substantial progress has been made, additional funding is necessary to ensure that the PEACESAT program is re-established.

Subsection (b) establishes that the purpose of the section is to assist in acquiring satellite capacity and to provide interim funding in order to re-establish the PEACESAT program.

Subsection (c) authorizes the Secretary to negotiate for and acquire satellite capacity and related ground terminals for the former users of PEACESAT. The Secretary also shall provide funds to the manager of the PEACESAT program. The recipient of such funds must keep records to permit an audit of the funds. The Secretary and the Comptroller General shall have access to these and any other records of this recipient for the purposes of conducting such an audit and examination.

Subsection (d) authorizes $1,000,000 for FY 1990 and such sums as may be necessary for FY 1991 for use by the Secretary in carrying out the purposes of this section. Such funds may be used in the negotiation for and acquisition of satellite capacity and ground terminals, for the management and the operation of the satellite services used to provide PEACESAT services, and for the Secretary's administrative costs associated with the provisions of the bill.

Subsection (e) requires the Secretary to report to Congress within one year after enactment on the development of a long-term solution to the communications needs of the Pacific Basin.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

○